

Message Text

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PAGE 01 OTTAWA 02059 282044Z

11

ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 SAM-01 L-03 SCSE-00 DRC-01

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R 281942Z JUN 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 3875

INFO AMCONSUL CALGARY UNN

AMCONSUL MONTREAL UNN

AMCONSUL TORONTO UNN

AMCONSUL WINNIPEG UNN

AMCONSUL VANCOUVER UNN

UNCLAS OTTAWA 2059

E.O. 11652: N/A

TAGS: EFIN, CA, US

SUBJECT: FOREIGN INVESTMENT REVIEW ACT: FIRST APPROVED TAKEOVER
ANNOUNCED

1. BY ORDER IN COUNCIL DATED MAY 23 AND PUBLISHED
IN CANADA GAZETTE OF JUNE 22, GOC "HAVING REGARD TO
THE FACTORS ENUMERATED IN SUBSECTION 2(2) OF THE
FOREIGN INVESTMENT REVIEW ACT, THAT THE PROPOSED
ACQUISITION BY CARGILL GRAIN COMPANY LIMITED OF
CONTROL OF THE CANADIAN BUSINESSES CARRIED ON BY
NATIONAL GRAIN LIMITED, NATIONAL FEEDS AND
LIVESTOCK LTD., MIGHTY PEACE GRAIN LIMITED, AND
BOSCO AND BOWER LIMITED, IS OR IS LIKELY TO BE OF
SIGNIFICANT BENEFIT TO CANADA, IS PLEASED HEREBY,
PURSUANT TO SUBSECTION 12(1) OF THE SAID ACT, TO
ALLOW THAT PROPOSED ACQUISITION."

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PAGE 02 OTTAWA 02059 282044Z

2. CANADIAN PRESS REACTION (INCLUDING MONTREAL GAZETTE EDITORIAL OF JUNE 27) HAS FOCUSED ON SECRECY SURROUNDING FIRST FIRA-APPROVED "TAKEOVER" AND IN MONTH'S DELAY IN OFFICIALLY PUBLISHING CANADA GAZETTE ANNOUNCEMENT. MONTREAL GAZETTE EDITORIAL STATES THAT CASE SURFACES FLAW IN FIRA: LACK OF REGULATIONS REGARDING PUBLIC DISCLOSURE OF FOREIGN TAKEOVER BID. EDITORIAL EMPHASIZES THAT FULL INFORMATION ON WHY TAKEOVER WAS APPROVED AND ON DETAILS AS TO VALUE OF TRANSACTION, FOREIGN CONTENT OF COMPANIES INVOLVED, ETC., IS PERTINENT TO PUBLIC AND IN ASSESSING APPROVALS (OR REJECTIONS) BY THE CABINET.

3. ACCORDING TO PRESS STORIES, CARGILL'S WINNIPEG SUBSIDIARY WAS THE PURCHASER FOR \$28 MILLION OF THE NINE CANADIAN COMPANIES INVOLVED IN THE TRANSACTION. THESE COMPANIES, IN TURN, WERE REPORTEDLY OWNED BY PEAVEY CO. OF MINNEAPOLIS. THIS "FACT" LEADS PRESS TO QUESTION HOW GOC CAN CLAIM THAT TRANSFER OF GROUP OF U.S.-OWNED COMPANIES TO ANOTHER U.S. CORPORATION IS OF "SIGNIFICANT BENEFIT TO CANADA."
PORTER

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